

## Chapter 5 **Economy**

*This chapter was prepared for the City by the staff of the  
Hampton Roads Planning District Commission in October, 2005*

Economic development is of vital concern to local governments striving to attract and retain businesses, which in turn provide employment opportunities as well as a strong tax base to the localities. Employment patterns can reveal much about the growth or decline of an individual locality and about shifts in population within a region. In order to better understand the economic climate in the City of Williamsburg, this chapter will consider the fiscal health of the Hampton Roads region, the Williamsburg region, and the City itself.

The City of Williamsburg relies on tourism as both its primary source of employment and principal source of revenue. The Colonial Williamsburg Foundation is the largest provider of jobs in the City and attracts visitors to the shops and restaurants that have developed around the restored area. Partially as a result of this, Williamsburg has been able to generate over \$29,000 in per capita retail sales in a single year, which is far more than any other locality in Virginia. Moreover, with the support of the visitors coming to Colonial Williamsburg, the City provides numerous retail and service jobs for people living throughout the Williamsburg region and beyond. Some of the factors contributing to local economic conditions include:

- The City of Williamsburg is a leader in retail sales and tourist travel expenditures for its three-jurisdiction region.
- Employment opportunities in the Williamsburg region are nearly evenly split between the City, James City County, and York County. A gradual shift toward employment centers in the counties is evident after 1990.
- James City County has identified most of the area surrounding Williamsburg as low-density residential, with some mixed use and commercial areas. York County has identified much of the land area adjacent to Williamsburg as general business and economic opportunity areas, with some medium and high-density residential.
- Much new business or commercial development within Williamsburg is likely to take place on redeveloped land.
- The College of William and Mary is a major employer and its students account for nearly half the city's population.

### **REGIONAL ECONOMIC SETTING**

Hampton Roads is a region of more than 1.5 million residents and is the 39th largest Metropolitan Statistical Area (MSA) in the United States according to the 2000 Census. Historically, each 1% of real U.S. economic growth has been associated with 0.6% of real Hampton Roads economic growth. During the latest twelve-month period for which data is available (October 2002 – October 2003), the Hampton Roads economy grew faster than 58% of the MSAs in the United States. Forecasts for 2004 indicated that the national economy would accelerate at a slightly higher rate than Hampton Roads – 4.6% versus 3.9% annually. The forecast for 2005 anticipates a slightly slower annual growth rate: 3.7% nationally and 3.5% in Hampton Roads (HRPDC, 2004 - 2005).

### **EMPLOYMENT**

From 1980 to 2000, total employment (including military) in the United States increased at an average annual rate of 2.2 percent. During the same period, Virginia added jobs at a slightly higher rate of 2.8

percent annually. Although job growth in Hampton Roads did not equal the state employment growth rate, the region did outpace the national employment growth rate at 2.3 percent annually. Virginia MSAs ranked by their 1980 to 2001 employment growth rates are as follows: Charlottesville, 3.1%; Washington, D.C., 3.1%; Richmond-Petersburg, 2.3%; *Norfolk-Virginia Beach-Newport News*, 2.3%; Roanoke, 1.8%; Lynchburg, 1.5%; Johnson City-Kingsport-Bristol, 1.5%; and Danville, 0.3%.

### **Williamsburg Employment**

According to the 2000 U. S. Census, 23,869 people are employed in Williamsburg, nearly as many as both James City County (25,943) and York County (24,746). The Virginia Employment Commission reports that the top employers in James City County are in the manufacturing sector and tourism, while the top employers in York County are in tourism and the retail trade. The VEC reports that education and tourism are the largest sources of employment in the Williamsburg region. Table 5-1 lists the top employers in the City. Of these, two-thirds are directly related to education or tourism. The Colonial Williamsburg Foundation is the City's largest employer, with 3,200 jobs. The College of William and Mary is the City's largest non-tourism employer, with approximately 2,849 positions located in Williamsburg (Hampton Roads Economic Development Alliance, October 2004). Aramark Educational Services, which provides support services at William and Mary, adds another estimated 500 to 999 jobs to the college's total employment numbers. According to the 2000 Census, civilian employment in Williamsburg is primarily concentrated in the service sector (61%) and the retail trade (13%). The U.S. Census Bureau's 1997 *Economic Census* reported that the accommodation and food service industries provided much of the tourism-related employment outside of the Colonial Williamsburg Foundation. Together these sectors provided 4,582 jobs in the City, comprised of 2,357 accommodation jobs and 2,224 food service jobs.

**Table 5-1: Top Employers in Williamsburg**

1. Colonial Williamsburg Foundation	4. Aramark Educational Services
2. College of William and Mary	5. Williamsburg-James City County Schools
3. Williamsburg Community Hospital	6. City of Williamsburg

Source: Virginia Employment Commission, Covered Employment & Wages, 2003.

### **Colonial Williamsburg Foundation**

The Colonial Williamsburg Foundation employs 3,200 people during the peak summer season, more than any other employer in the City. However, this represents an 8.6% decrease from employment levels in 2000. In the wake of September 11, 2001, the sniper attacks in the Washington, D.C. area, and the 2001 recession, the tourism industry struggled in both the Williamsburg region and the state as a whole. According to *Virginia Business* magazine, Colonial Williamsburg's attendance was down 8% in 2002 and its hotel occupancy rates rose only 1% in 2002. The Colonial Williamsburg Foundation reported another 9% decline in attendance for 2003, and another 3% in 2004. According to Smith Travel Research, hotel occupancy rates in Williamsburg fell to 49.2% in 2004, down from 51% in previous years. Despite the recent decline in tourism, it remains the largest industry in Williamsburg, and includes hotels and motels, bed and breakfast establishments, restaurants, and retail stores that cater primarily to the tourist market.

According to the Virginia Tourism Corporation, the recent slump in the tourism industry may have a smaller impact in Williamsburg than elsewhere in the state. This is attributed to the fact that visitors to Williamsburg typically stay longer and spend more money than visitors to other state attractions. The VTC's 2003 *Virginia Visitor Study* found that mean spending per person in Williamsburg is \$259, which is 47% higher than the mean figure of \$176 for the rest of the state. Moreover, 24% of visitors to the City spend \$1000 or more compared with just 10% for the state. The same study also found that 28% of Williamsburg visitors stayed for four to six nights compared with 16.5% for the state as a whole. Nearly

two-thirds of all Williamsburg visitors stay for two nights or more compared with about half for all state visitors.

### **The College of William and Mary**

The College of William and Mary provides approximately 2,850 jobs, and is the second largest employer in the City of Williamsburg. As well as providing jobs, the college's student population represents about 45% of the city's total population. A 2002 360 Youth/Harris Interactive College Explorer Study found that college students spend \$200 billion per year in the United States, making them a significant market segment as well. The study found that the average student has eleven hours of unscheduled time each day and spends \$287 per month on discretionary items, particularly on snack foods and entertainment. Table 5-2 illustrates the activities that college students spend the most money on and gives participation rates for each. According to this study, going to the movies was the most popular activity among students. Currently, there is only one seven-screen movie theater to serve this need in the Williamsburg area, and it is not within walking distance of the college. Additional twelve-screen theaters are planned for James City County's New Town development and the City's High Street development. Both will be closer to campus, but the High Street location will be the more walkable destination for most students being located approximately 1.5 miles from campus. These locations will be accessible by Williamsburg Area Transport, which is free to students.

<b>Table 5-2: Participation/Spending by College Students on Entertainment and Leisure</b>		
	<b>Projected Yearly Spending (in millions)*</b>	<b>% Students Participating in Past Year</b>
Vacation Travel	\$4,607	61%
Purchase Videos/DVDs (not including equipment)	\$2,754	70%
Purchase Music CDs, Tapes, etc.	\$2,746	76%
Purchase Video Games (not including equipment)	\$2,284	37%
Purchase reading material (not for use in school)	\$1,009	83%
Going to Movies	\$887	91%
Attending Music Concerts	\$791	49%
Going to an Amusement Park	\$456	41%

*\* Projections based on Spring 2002 360 Youth/Harris Interactive College Explorer Study; this represents a partial list of categories.*

The Harris Interactive Study found that college students also spend a great deal of money on snacks. Although college students comprise nearly half of Williamsburg's population, the City offers little to satisfy this basic need. According to the 1997 Economic Census, there were only 15 food and beverage stores within the City. Students responding to a survey conducted by Sharpe Scholars in May 2004 noted that many of their snack food needs are met by just one store – a Wawa located across the street from campus on Richmond Road. Of the 109 food service and drinking places listed in the City, approximately 19% are within one mile of the William and Mary campus. Several of these are quite expensive and cater to tourists rather than students. In contrast, of the over 260 food service and drinking places in Charlottesville, approximately 31% are located within one mile of the University of Virginia. Selected other college communities fared like this: Blacksburg, VA, 58% of establishments near campus; Harrisonburg, VA, 29%; Carlisle, PA, 21%.

Table 5-3 compares several college towns and cities of varying sizes and similar character, and illustrates that Williamsburg has a high percentage of college-aged residents relative to the population as a whole. The City is most comparable to Hanover, New Hampshire (Dartmouth College), where the college-age

population accounts for 49% of the total population. In addition, Williamsburg has a higher percentage of renters than all the communities studied except for Charlottesville. This increases pressure on surrounding neighborhoods to accommodate those looking for rental housing located close to the campus. On the positive side, Williamsburg's concentration of college students on campus and in nearby neighborhoods, particularly those students in the early years of college who may not have cars, means that they would more likely patronize businesses near campus before traveling out of the City for their daily needs. According to the Sharpe survey, the most frequent complaints voiced by students involved the lack of entertainment and shopping venues that appeal to their age group. Nearly half of the 1,180 responses to the survey cited the lack of activities for students as the most negative part of the college experience in Williamsburg. This is currently an underserved market, and student-oriented businesses represent a niche that the City of Williamsburg might fill more readily than neighboring jurisdictions.

Table 5-3: Comparison of Williamsburg to Other Communities								
	Total Population 2000	Percent of Population 18-24	College Name and Enrollment	Percent of Renter- Occupied Housing	Median Household Income in 1999	Per Capita Income in 1999	Median family income in 1999	Median gross rent
Carlisle, PA	17,970	17%	Dickenson College, 2276	51%	\$33,969	\$21,394	\$46,588	\$489
Charleston, SC	96,950	17%	College of Charleston, 9824	49%	\$35,295	\$22,414	\$48,705	\$614
Charlottesville, VA	45,049	34%	University of Virginia, 19643	59%	\$31,007	\$16,973	\$45,110	\$596
Hanover, NH	8,162	49%	Dartmouth College, 5683	45%	\$62,143	\$26,426	\$90,548	\$817
Williamsburg	11,998	46%	College of William and Mary, 7650	56%	\$37,093	\$18,483	\$52,358	\$616

Source: US Bureau of the Census, 2000 Census of Population and Housing, Summary File 3

## INCOME

The average per capita income in Hampton Roads has traditionally been lower than the national average, despite healthier employment growth over the past twenty years. According to data from the Bureau of Economic Analysis, the average per capita income in the region in 2002 was about \$28,365, which was approximately 92% of the national average and about 86% of the state average. Annual per capita income growth in Hampton Roads was higher than state and national growth rates in 2001 and 2002, which was also the case in eight of the thirty years from 1970 to 2000. Although gains are slow, this recurrent pattern has resulted in a 3.4% gain on the national average since 1970.

### Household Income

In 1999, the U.S. Bureau of Census reported that the median household income in Williamsburg was \$37,093, and the per capita income was \$18,483. Both figures are below the mean income levels for the Hampton Roads region, the state, and the nation as a whole (Table 5-4). Of the localities on the Peninsula, only Newport News had a lower median income than Williamsburg in 1999. The City's relatively low income levels can be attributed in part to the large number of students living there, many of whom work part-time or not at all. Retirees living on social security and pension payments may also be contributing to the low median income levels. Williamsburg fares much better when comparing median family income levels. The City's median family income of \$52,358 is higher than the figures for

Hampton Roads (\$49,186) and the United States as a whole (\$50,046). Median family income in Williamsburg is about 97% of the state median, which includes the higher paying Northern Virginia area.

An estimated 78% of Williamsburg households reported earnings in 1999, with a mean income of \$46,872. As noted in Figure 5-6 above, 33.7% of the income-earning households collected social security and 33.5% earned retirement income. The percentage of households receiving Social Security and retirement income is expected to increase over the next thirty years as the number of residents over the age of sixty-five continues to climb.

**Table 5-4: 1999 Income Comparisons**

	Per Capita Income	Median Household Income	Median Family Income
<b>City of Williamsburg</b>	<b>\$18,483</b>	<b>\$37,093</b>	<b>\$52,358</b>
MSA- Norfolk--Virginia Beach--Newport News	\$20,328	\$42,448	\$49,186
Commonwealth of Virginia	\$23,975	\$46,677	\$54,169
United States	\$21,587	\$41,994	\$50,046

Source: 2000 Demographic Profiles, Weldon Cooper Center for Public Service, University of Virginia

## **SALES**

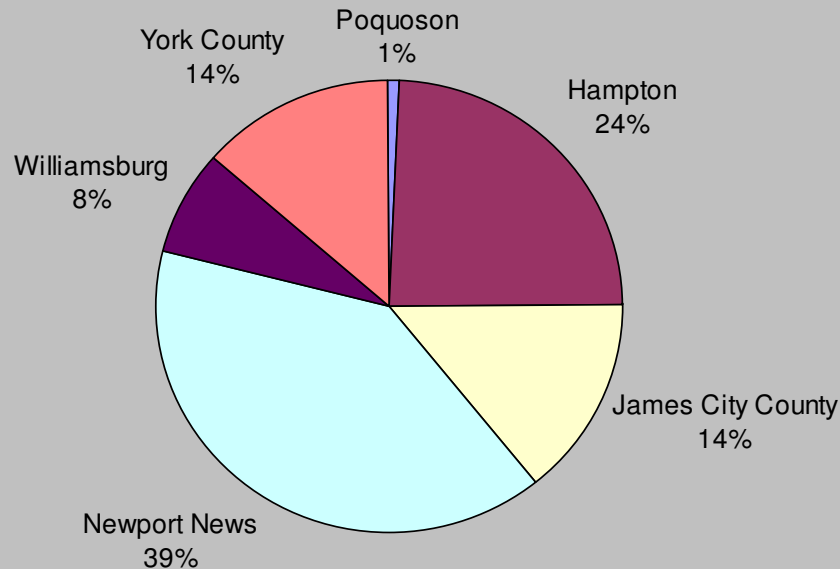
### **Retail Sales**

Hampton Roads regional retail sales have grown at a compound annual rate of 4.3% over the last fifteen years, reaching \$15.2 billion in 2003 (HRDPC, 2004). 68% of these sales occurred on the Southside, while the remaining 32% occurred on the Peninsula. Retail sales on the Peninsula alone totaled over \$4.8 billion in 2003. Table 5-5 and Figure 5-2 provide a breakdown of those sales by locality by percentage and in dollar figures. Nearly two-thirds of those sales are generated in the cities of Newport News and Hampton, while the other third takes place in the three-jurisdiction Williamsburg region.

<b>Table 5-5: Retail Sales on the Peninsula (millions of dollars)</b>							
	<b>1980</b>	<b>1990</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Williamsburg	153	300.7	336.3	326.8	335.1	353.6	349.5
Hampton	501.9	937.7	1,107.40	1,072.20	1,062.60	1,072.40	1,105.90
James City County	118.9	328.3	607.3	644.1	638.7	644.3	639
Newport News	430.9	873	1,419.70	1,585.50	1,618.10	1,724.90	1,808.90
Poquoson	6	24.2	31.4	32.2	34.6	37.8	38
York County	78.4	227.6	441.1	456.9	461.4	500.6	618.2
<b>PENINSULA</b>	<b>1,346.40</b>	<b>2,818.00</b>	<b>4,145.00</b>	<b>4,338.40</b>	<b>4,374.30</b>	<b>4,577.60</b>	<b>4,834.70</b>

Source: Virginia Department of Taxation. HRPDC, 2003 Economic Outlook, June 2003.

**Figure 5-2: Peninsula Retail Sales Comparison 2003**



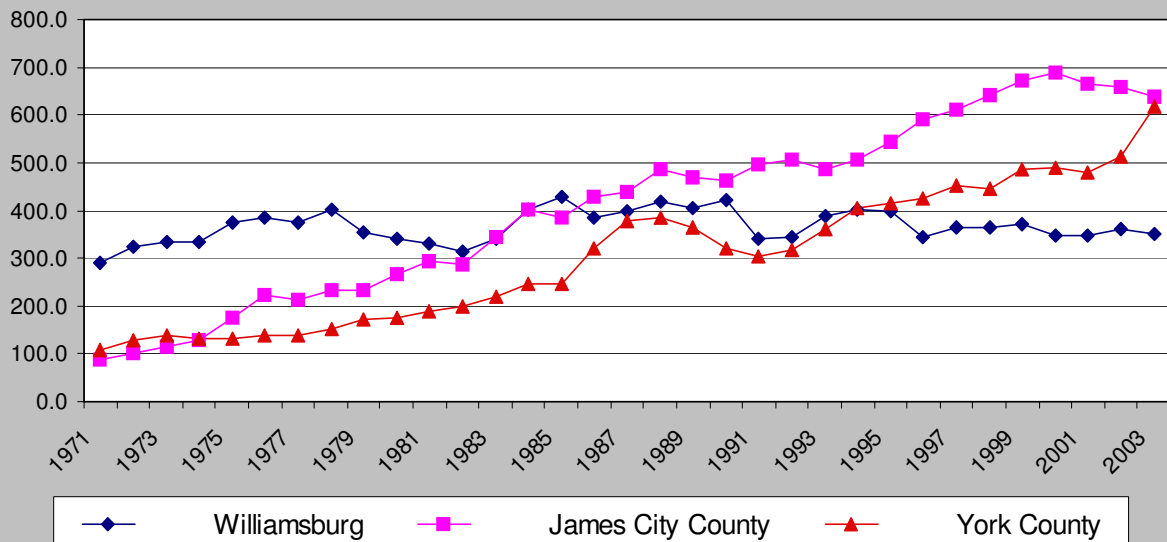
Source: Virginia Department of Taxation; HRPDC, 2003 Economic Outlook, June 2003

### Taxable Sales

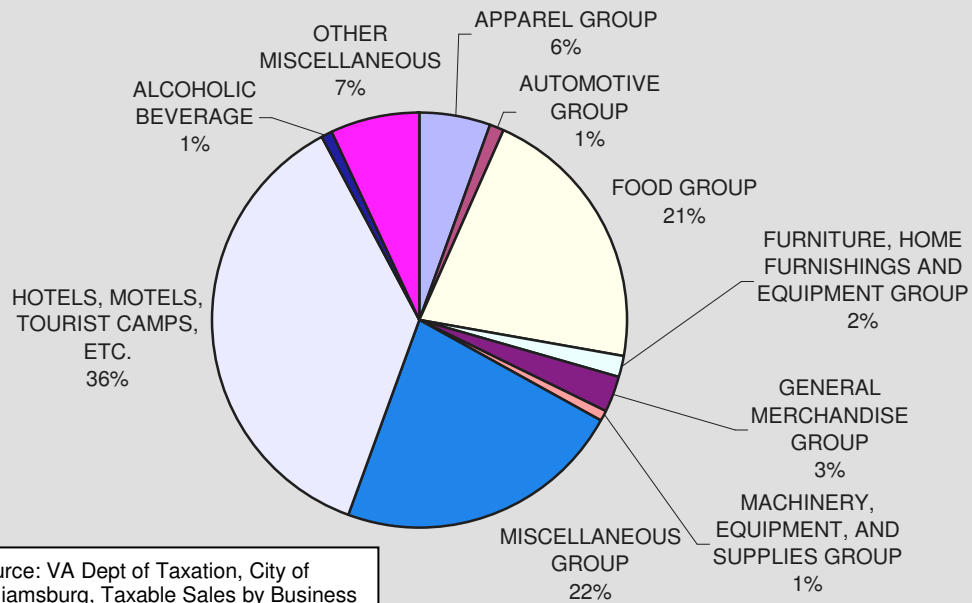
During the past decade, commercial development and retail growth in neighboring counties have outpaced that in Williamsburg. This trend is illustrated by a comparison of regional retail sales from 1971 to 2003 (Figure 5-3). From 1971 to 1982, the City of Williamsburg accounted for the majority of the Williamsburg region's retail sales, ranging from 60% of the total in 1971 to about 39% of the total in 1982. By 2003, the City accounted for only 22% of all retail sales. During the same period, per capita retail sales in Williamsburg increased by 312%, from \$7,068 in 1971 to \$29,125 in 2003 – the most of any locality in Virginia. Clearly, Williamsburg remains an important player in the regional retail marketplace and is a primary draw for businesses locating in and around the City. The City should be able to maintain that position over the long term with developments like the proposed Quarterpath at Williamsburg and High Street Williamsburg projects, and with continued reinvestment in the Center City area. These projects include City Square, the Prince George Parking Garage, the Prince George/Boundary Street streetscape improvements, and Colonial Williamsburg's College Corner building.

As is true in the employment sector, healthy taxable sales figures in Williamsburg depend heavily on tourism-related businesses that are primarily in the accommodation and food service sectors. Figure 5-4 details taxable sales in Williamsburg in 2003 arranged by group. Accommodation and food service accounted for 57% of all taxable sales, compared with 42% in James City County and only 26% in York County. Sales per restaurant remain notably high in Williamsburg: \$937,526 annually compared with \$567,929 for Virginia.

**Figure 5-3:  
The Williamsburg Region: Retail Sales 1971-2003  
(In 2003 Dollars)**



**Figure 5-4: City of Williamsburg Taxable Sales 2003**



Source: VA Dept of Taxation, City of Williamsburg, Taxable Sales by Business Classification, Feb 1, 2003 – Jan 31,

## **Tourism**

The United States travel and tourism industry was projected to receive more than \$568 billion from travelers in 2004, according to statistics compiled by the National Restaurant Association. Additionally, the tourist trade is reported as the first, second, or third-largest employer in twenty-nine states and the District of Columbia. In Virginia, tourism is the third largest employer according to information provided by the Virginia Employment Commission. The Virginia Tourism Corporation reports that Virginia had the tenth largest travel market among the fifty states in 2000, with final total travel expenditures reaching over \$13.1 billion. Moreover, tourism generated another \$1 billion in state and local tax revenue. The Hampton Roads economy also sees considerable benefit from the tourism industry. In 2000, travelers spent over \$2.4 billion in the region, or 18.7% of the total tourism expenditures in the state (VTC, 2003). Travel expenditures in area communities in 2001 were as follows: Virginia Beach, \$708.8 million; Norfolk \$446.0 million; Williamsburg, \$368.0 million; James City County, \$249.3 million; Newport News, \$164.5 million; Chesapeake, \$153.1 million; Hampton, \$136.3 million; York County, \$105.9 million; Gloucester County, \$27.4 million; Isle of Wight County, \$19.5 million; Franklin, \$8.8 million; Southampton County, \$8.7 million; Surry County, \$7.3 million; and Poquoson, \$2.4 million. However, although the travel industry as a whole grew 47% from 1994 to 2002, the VTC reported that 2001 saw the first decline in Virginia tourism revenue since they began keeping records.

According to a report produced by the Economic Forecasting Project at the College of Business and Public Administration at Old Dominion University, *State of the Region 2000*, the tourist destination markets of Virginia Beach and Williamsburg accounted for 60% of travel spending in Hampton Roads in 1998. Top regional attractions include the Virginia Beach oceanfront, Colonial Williamsburg, and Busch Gardens Williamsburg. The report also noted that, “Traveler spending in Virginia Beach increased from \$374.9 million in 1990 to \$689.6 million in 1998, or 83.9 percent. By contrast, in Williamsburg, traveler spending increased by only 46.2 percent in the same time period, from \$452.2 million to \$661.3 million. Hence, in 1990, Williamsburg tourism was larger than that of Virginia Beach by almost twenty-one percent. By 1998, however, things had reversed and traveler spending in Virginia Beach exceeded that in Williamsburg by 4.3 percent.” Despite the concentration of attractions in the Williamsburg region, which also includes Jamestown Island and Yorktown Battlefield, the tourism industry is weakening relative to nearby attractions.

## **Lodging**

Smith Travel Research’s *2003 Annual Lodging Report* found that the demand for accommodation in Virginia was up 3.8% in 2003, while the number of available rooms grew by just 1.2%. According to the report, average room rates remained relatively stable at \$80.24 per night, and lodging revenues were up 3.3% overall in 2003. The average occupancy rate in Virginia was 61.1%, up 2.5% from 2002, and was higher than the U.S. average 59.1% (+0.2% YTD). Table 6, which is found in the report, details lodging demand for localities, regions, and the state as a whole. The *2003 Annual Lodging Report* states, “These increases are a reflection of the impacts of a rebounding economy and Virginia’s proximity to large key drive markets. While the lodging industry at the state level has seen positive signs of recovery, several of the regions are still experiencing declines in occupancy. Fortunately, downward pressure on room rates has not been as strong as in other non-Virginia markets.”

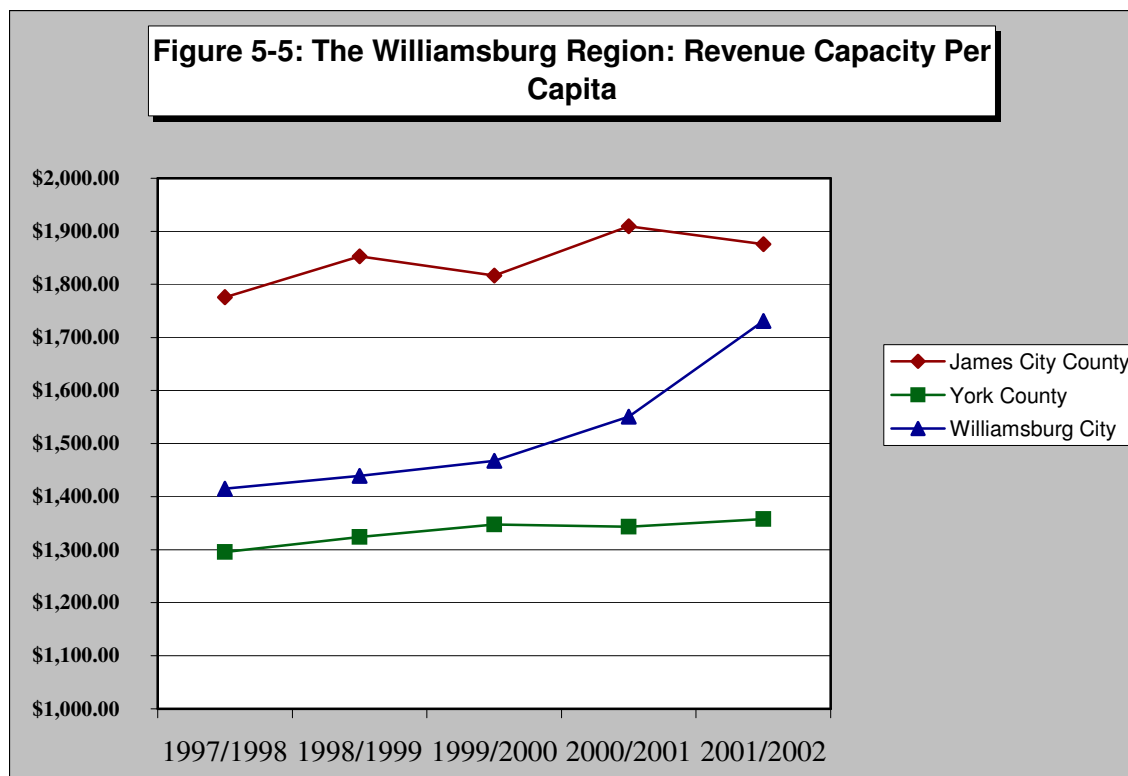
Most areas in the state show signs of recovery since the terrorist attacks and recession of 2001, including the Hampton Roads region. Increases are evident in the region’s room demand, average room rates, room revenue, and occupancy, with the greatest growth seen in the Chesapeake/Portsmouth and Newport News/Hampton markets. However, the overall growth in lodging demand is small in many areas and is not shared by Williamsburg, which showed declines in all categories except occupancy in 2003. In 2004, according to STR, the Williamsburg area saw a 5.4% decline in occupancy, an 8.6% decline in room demand, and a 6.6% decline in room revenue.



<b>Table 5-6: Lodging Analysis for Virginia 2003</b>	<b>Room Demand</b>	<b>Room Supply</b>	<b>Average Room Rates (1/01-12/31)</b>			<b>Room Revenue</b>	<b>Occupancy Percent</b>		
	% Change	% Change	2003	2002	% Change	% Change	2003	2002	% Change
US	1.6%	1.3%	\$ 83.19	\$ 83.19	0.0%	1.6%	59.1%	59.0%	0.2%
Virginia	3.8%	1.2%	\$ 80.24	\$ 79.21	1.3%	3.3%	61.1%	59.6%	2.5%
Washington DC-MD-VA	2.9%	1.3%	\$111.10	\$110.95	0.1%	3.0%	66.5%	65.4%	1.7%
Arlington	3.7%	2.7%	\$121.60	\$121.57	0.0%	3.8%	68.0%	67.4%	0.9%
Alexandria	2.8%	4.1%	\$ 99.36	\$ 97.55	1.9%	4.7%	63.2%	64.0%	-1.3%
Fairfax/Tysons Corner	4.0%	0.2%	\$103.26	\$101.94	1.3%	5.3%	68.8%	66.4%	3.6%
Suburban VA Area	1.5%	2.5%	\$ 77.95	\$ 77.94	0.0%	1.5%	56.4%	56.9%	-0.9%
I-95 Fredericksburg	3.0%	0.0%	\$ 60.58	\$ 58.20	4.1%	7.2%	66.7%	64.8%	2.9%
Dulles Airport Area	12.1%	2.1%	\$100.35	\$102.55	-2.1%	9.7%	71.1%	64.8%	9.7%
Norfolk - VA Beach	2.6%	0.0%	\$ 79.09	\$ 77.25	2.4%	5.1%	62.2%	60.7%	2.5%
Chesapeake / Portsmouth	5.3%	-1.1%	\$ 66.49	\$ 63.09	5.4%	10.9%	75.1%	70.6%	6.4%
Newport News / Hampton	6.0%	-0.2%	\$ 63.65	\$ 59.78	6.5%	12.9%	68.7%	64.7%	6.2%
Norfolk City	1.9%	0.1%	\$ 72.92	\$ 70.65	3.2%	5.2%	69.3%	68.1%	1.8%
Virginia Beach City	3.3%	2.1%	\$ 91.13	\$ 87.95	3.6%	7.0%	61.8%	61.1%	1.1%
Williamsburg	-1.8%	-1.8%	\$ 86.35	\$ 88.15	-2.0%	-3.8%	50.5%	50.5%	0.0%
Virginia Area	1.2%	1.4%	\$ 62.75	\$ 62.17	0.9%	2.1%	55.7%	55.8%	-0.2%
Lynchburg MSA	5.3%	1.6%	\$ 59.08	\$ 60.03	-1.6%	3.7%	52.1%	50.2%	3.8%
Blacksburg/Wytheville	3.9%	2.8%	\$ 58.65	\$ 58.88	-0.4%	3.5%	52.8%	52.2%	1.1%
Staunton/Harrisonburg	-2.7%	1.6%	\$ 60.70	\$ 59.28	2.4%	-0.4%	56.9%	59.4%	-4.2%
Roanoke MSA	-1.2%	0.9%	\$ 61.51	\$ 60.34	1.9%	0.8%	53.0%	54.1%	-2.0%
Charlottesville MSA	4.0%	-0.2%	\$ 80.76	\$ 80.65	0.1%	4.1%	67.7%	64.9%	4.3%
Richmond - Petersburg	10.2%	1.6%	\$ 65.43	\$ 64.77	1.0%	11.4%	58.6%	54.0%	8.5%
Petersburg/Chester	4.3%	1.6%	\$ 57.91	\$ 56.34	2.8%	7.2%	52.6%	51.3%	2.5%
Richmond Downtown/Airport	7.5%	1.2%	\$ 79.52	\$ 80.13	-0.8%	6.7%	60.8%	57.2%	6.3%
Richmond North/Glen Allen	16.9%	2.0%	\$ 64.14	\$ 63.27	1.4%	18.5%	60.0%	52.3%	14.7%
Richmond West/Midlothian	5.6%	1.0%	\$ 57.62	\$ 57.04	1.0%	6.6%	61.4%	58.8%	4.4%
Virginia Area	1.1%	1.4%	\$ 60.93	\$ 60.35	1.0%	2.0%	55.2%	55.4%	-0.4%
Johnson City - Bristol, TN-VA	-3.0%	-0.4%	\$ 62.24	\$ 59.98	3.8%	0.6%	48.8%	50.2%	-2.8%
Source: Smith Travel Research - 2003									

## **FISCAL CAPACITY**

According to the Virginia Commission on Local Government, Williamsburg has substantial fiscal capacity, or the ability to raise revenue from local sources. Williamsburg was estimated to have the capacity to generate \$1,731 in municipal revenue per capita in 2002. Among localities in the Hampton Roads region, only James City and Surry Counties had higher capacities to generate revenue than Williamsburg. Since 1999, the City's per capita revenue capacity has increased by over 22% or \$317. While Williamsburg experienced a steady rise in capacity over the period, James City County's rate has fluctuated (Figure 5-5). As a result, the city's revenue has risen from 80% of the county's capacity in 1997 to 92% of the county's capacity in 2002. High per capita retail sales and high real estate values contribute to this high level of fiscal capacity, which allows the City flexibility in funding capital improvement or other projects that help to attract new business investment.

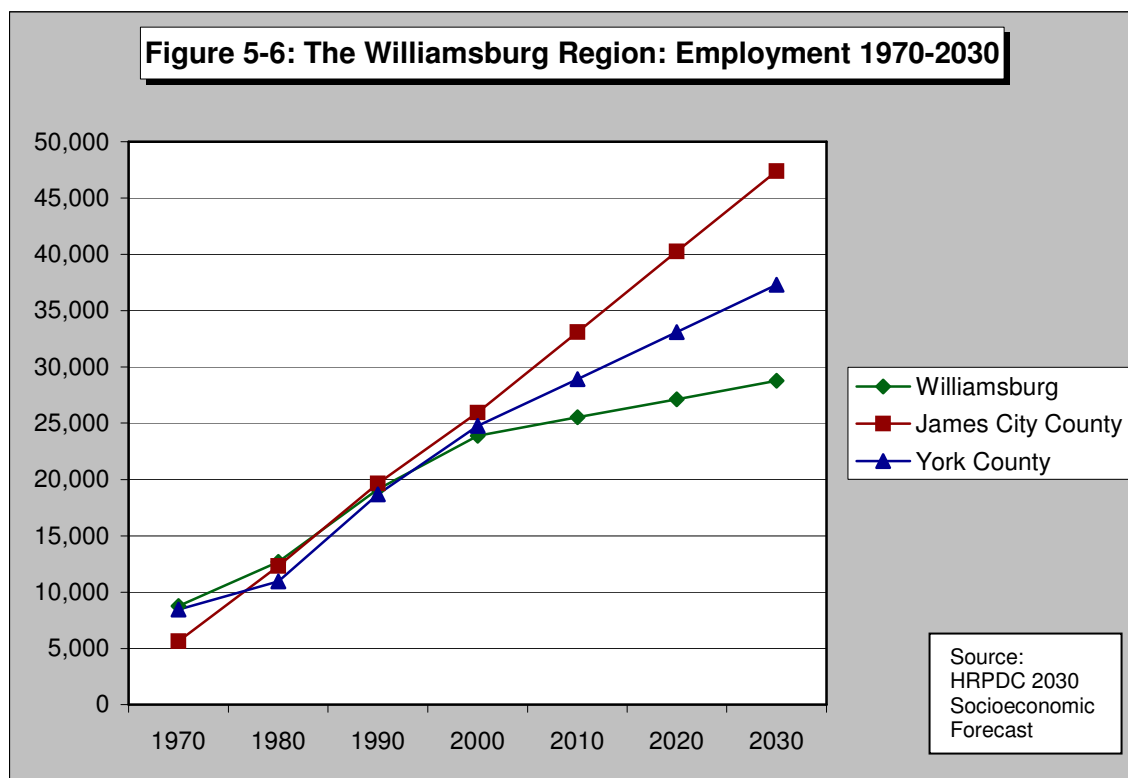


Source: Staff, Commission on Local Government, Department of Housing and Community Development, Commonwealth of Virginia

## PROJECTIONS

### Employment

Before 1990, the majority of all jobs in the Williamsburg region were located in the City. However, as commercial development has increased in the counties, a shift in overall employment patterns has also occurred. This trend is predicted to continue through 2030, as major employers moving to the region locate on large tracts of land in both counties instead of within the City (Figure 5-6). Big Box retailers like Lowe's and Wal-Mart have recently located in neighboring York County, where large tracts of land with access to the interstate and other major roads is readily available. New Town, located just outside Williamsburg in James City County, is a mixed-use development that already has several offices uses and includes a planned movie theater. Although New Town is not located within the City, its marketing efforts trade on its Williamsburg location. The City has relinquished its position as the primary employment center in the Williamsburg region, but it is still a leader in retail employment and helps to draw new businesses to the area. Although the City employed slightly fewer retail workers in 2000 than James City County, Figure 5-7 illustrates that the City is projected to regain its position as the leading retail employment center in the its region and retain that position through 2030.

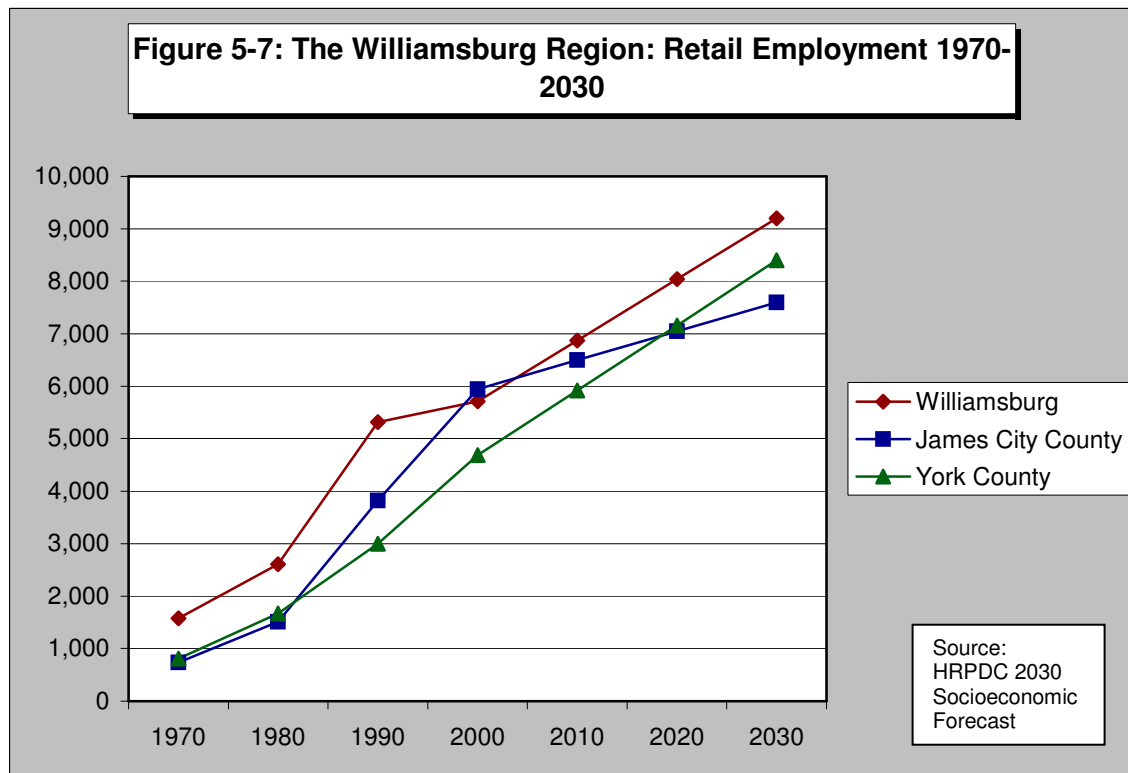


Much of Williamsburg's future job growth will likely come as local investments try to tap the growing population of retirees. Two projects currently being considered intend to specifically address the needs of future residents through mixed-use and lifestyle center style development. A locally based health care provider, Riverside Health System, purchased 358 acres of land along Quarterpath Road in the southeastern corner of the City. Riverside plans to build a 31-acre medical campus as part of the proposed development for the property, which is expected to include a nursing home and age-restricted housing units. When complete, Quarterpath at Williamsburg is expected to create approximately 4,109 new jobs and bring \$3.2 - \$3.6 million in net tax revenues to the City, according to a fiscal impact analysis prepared by Economics Research Associates in December 2004.

Another proposed development – High Street Williamsburg – could add \$128 million to the local economy, according to an economic impact analysis prepared by Chmura Economics & Analytics in September 2004. The study indicates that the project would create a total of 2,171 jobs in Williamsburg, of which 1,023 would be in retail sales.

### **Sales**

Data from the Hampton Roads Planning District Commission indicates that retail sales growth is expected to slow in 2005. Preliminary data shows that retail sales grew at 9.8% in 2004, but that rate is expected to be down to 3.9% in 2005.



### **Tourism**

Indications are that the tourism industry in Virginia is recovering from the downturn of the early 2000s. According to the HRPDC 2005 Economic Forecast, hotel receipts are projected to rise four percent in 2005. According to forecasts released by the Economic Forecasting Project at the College of Business and Public Administration at Old Dominion University, a strong year is expected in the Hampton Roads tourist industry. Their 2005 Annual Economic Forecast bases that finding in part on the introduction of a room night tax in the summer of 2004 that will increase the ability of the Williamsburg region to finance a stronger marketing effort in 2005. A shared \$2-per-room surtax in Williamsburg, James City and York counties is expected to generate \$3 to \$3.5 million per year for new advertising campaigns aimed at reversing the decline in visitation in the Historic Triangle. In addition, activities planned for the Jamestown 2007 celebration are expected to bring more visitors to the Williamsburg area. Rising gasoline prices may also have an effect on tourism in the region, as people vacation closer to home.